



**U.S. Department of Justice**

**Tax Division**

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DAH:DMK:PLBednar  
DJ 5-52-20275  
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July 14, 2023

**Via ECF**

Honorable Peggy Kuo  
United States District Court  
Eastern District of New York  
225 Cadman Plaza East  
Brooklyn, New York 11201

Re: *United States v. Lax et al.*  
No. 1:18-cv-4061 (E.D.N.Y.)

Dear Judge Kuo:

Pursuant to the Court's docket text order of June 13, 2023, the Plaintiff United States and Defendants Zlaty Schwartz, KGK Jewelry LLC, Judith Lax and J.L. (a minor), 299 Hewes Street Realty Corp., Morris Schlager, Gitty Schlager, Joseph Green, Hannah Green, Henny Green, Hershi Green, and JBAM Realty LLC report on the status of issues to be discussed at the upcoming telephonic status conference in this case scheduled for July 18, 2023, at 11:00 a.m. The other Defendants did not participate in this report.

Regarding the 299-301 Hewes Street mediation, pursuant to the United States-Judith Lax settlement agreement, Judith Lax has a monthly payment obligation to the United States that began on December 1, 2022.

A continued settlement conference regarding the United States' claims against Zlaty Schwartz took place on June 30, 2023. The settlement conference did not result in resolution of the United States' claims against Zlaty Schwartz in this case. However, a continued settlement conference is scheduled for August 23, 2023.

With respect to the United States' settlement discussions with Defendant JBAM Realty LLC regarding the claim against it alleged in Count 12 of the Amended Complaint (lien enforcement), the United States has revisited such discussions after receiving additional information it requested. Regarding Intervenor Aron Lax, the United States recently received additional information requested by the United States and plans to resume settlement discussions

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with Aron Lax regarding the real property that is the subject of his intervention in this case. However, if there is insufficient progress, the United States plans to seek a stipulation of dismissal of Aron Lax as a party to this case. With respect to the United States' settlement discussions with Defendant KGK Jewelry LLC regarding a claim in Count 12, the United States has revisited such discussions; however, if there is insufficient progress, the United States will inform the Court that the United States intends to proceed with the pending litigation as to this claim. The United States has ongoing settlement discussions with Defendant Shaindy Lax regarding all claims against her in this case. The United States also has ongoing discussions with Defendant Moshe Lax in an effort to consensually resolve its claims against him in this case.

Respectfully submitted,

*/s/ Philip L. Bednar*

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